

## Message Text

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ACTION EUR-12

INFO OCT-01 EURE-00 ISO-00 CIAE-00 PM-03 INR-07 L-02

ACDA-05 NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06

TRSE-00 SAJ-01 SS-15 NSC-05 /062 W

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P R 071325Z FEB 75

FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 9969

SECDEF WASHDC PRIORITY

INFO ALL NATO CAPITALS 4967

USCINCEUR

USNMR SHAPE

USLOSACLANT

CINCLANT

USDOCOSOUTH

USDEL MBFR VIENNA

C O N F I D E N T I A L USNATO 0653

E.O. 11652: GDS

TAGS: MPOL, NATO,UK

SUBJECT: UK PERMREP STATEMENT ON UK DEFENSE REVIEW:

DPC MEETING FEBRUARY 6

DURING FEBRUARY 6 DPC DISCUSSION OF UK DEFENSE REVIEW (SEPTTEL),  
UK PERM REP PECK DEIVERED FOLLOWING PREPARED STATEMENT.  
BEGIN TEXT.

1. IN MY STATEMENT TO THE DPC ON 3 DECEMBER I EXPLAINED  
THE BACKGROUND TO THEUNITED KINGDOM'S DEFENSE REVIEW AND  
SET OUT THE CHANGES IN OUR FORCES DEPLOYMENTS IN THE NORTH  
ATLANTIC AREA WHICH WE PROPOSE TO IMPLEMENT PROGRESSIVELY  
OVER THE NEXT FEW YEARS. I DO NOT PROPOSE ON THIS OCCASION  
TO REPEAT IN DETAIL THE FACTORS WHICH HAVE LED US TO REVIEW  
OUR DEFENCE EXPENDITURE AND COMMITMENTS. BUT THERE IS ONE  
PARTICULAR POINT I SHOULD LIKE TO EMPHASISE.

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2. MY MINISTERS ARE, AS I EXPLAINED IN MYSTATEMENT  
ON 3 DECEMBER, FACED WITH A SITUATION ON CIRTICAL ECONOMIC  
DIFFICULTY AND HAVE BEEN OBLIGED TO TAKE STEPS TO RESTRAIN  
THE GROWTH OF PUBLIC EXPENDITURE ACROSS THE BOARD. IN

REVIEWING THE WHOLE SPECTRUM OF GOVERNMENT SPENDING MY AUTHORITIES CONCLUDED THAT A SITUATION IN WHICH THE UNITED KINGDOM CONTINUED TO DEVOTE A SIGNIFICANTLY GREATER SHARE OF ITS AVAILABLE RESOURCES TO DEFENCE THAN DID ITS MAIN EUROPEAN ALLIES WOULD NOT BE ACCEPTABLE TO THE BRITISH PARLIAMENT AND PEOPLE. MY AUTHORITIES DECIDED THEREFORE THAT OVER THE PERIOD OF THE NEXT 10 YEARS THE SHARE OF THE BRITISH GROSS NATIONAL PRODUCT TO BE DEVOTED TO DEFENCE SHOULD PROGRESSIVELY BE BROUGHT MORE INTO LINE WITH PERCENTAGE OF GNP SPENT BY OUR MAJOR EUROPEAN ALLIES. THE DEFENCE PROGRAMME WHICH WAS PROPOSED TO YOU ON 3 DECEMBER IS ONE WHICH MY AUTHORITIES ESTIMATE WILL REQUIRE SOME 4 1/2 PERCENT OF GNP (USING OUR NATIONAL RATHER THAN NATO DEFINITIONS) IN 10 YEARS TIME. THE DECISION TO REDUCE PROGRESSIVELY TO THIS LEVEL FROM THE CURRENT 9 1/2 PERCENT OF GNP (5.8 PERCENT ON NATO DEFINITIONS) IS FIRM. MINISTERS ALSO DECIDED-AND I AM SURE THAT OUR NATO ALLIES WOULD NOT DISSENT FROM THIS-THAT THE FOCUS OF BRITISH DEFENCE EFFORTS SHOULD HENCEFORTH BE CONCENTRATED EVEN MORE EXCLUSIVELY ON THE NORTH ATLANTIC TREATY AREA, AND THEY ARE REDUCING OUR FEW REMAINING DEFENCE COMMITMENTS OUTSIDE THIS AREA. BUT SOME CHANGES IN OUR CONTRIBUTION TO ALLIANCE DEFENCE ARE ALSO NEEDED IF THE NECESSARY OVERALL REDUCTION IN PLANNED DEFENCE EXPENDITURE IS TO BE ACHIEVED. I WOULD EMPHASISE THAT I AM SPEAKING IN TERMS OF PLANNED DEFENCE EXPENDITURE. IN NONE OF THE TEN YEARS COVERED BY THE UK DEFENCE REVIEW DOES THE ACTUAL LEVEL OF EXPENDITURE NOW ENVISAGED (AND I AM TALKING OF REAL TERMS AT CONSTANT PRICES) FALL BELOW THAT OF THE CURRENT YEAR OF 1974-75.

3. THE PROPOSALS WHICH WE HAVE PUT TO ALLIES REFLECT OUR BEST ASSESSMENT OF THE PRIORITIES FOR OUR CONTRIBUTION TO NATO. WE BELIEVE THAT THESE PROPOSALS WOULD, IF ACCEPTED, INVOLVE THE MINIMUM OF OVERALL DEFENCE CAPABILITY TO THE ALLIANCE AND THE MAXIMUM EFFICIENCY IN THE USE OF BRITISH FORCES FOR ALLIED DEFENCE. I MIGHT OBSERVE IN PASSING THAT EVEN ON THE BASIS OF THESE PROPOSALS WE SHOULD BE ABLE TO MEET IN WHOLE OR IN PART SOME 75 PERCENT OF THE MANY PRIORITY ONE FORCE GOALS

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ADDRESSED TO US LAST YEAR-A PERFORMANCE WHICH BEARS COMPARISON WITH THE RESPONSES SO FAR MADE BY OTHER COUNTRIES. WE ARE NOT WEDDED TO THE DETAILS OF THESE PROPOSALS: WE HAVE MADE IT CLEAR THAT WE ARE QUITE PREPARED TO CONSIDER ANY ALTERNATIVES WITHIN THE TOTAL LEVEL OF RESOURCES AVAILABLE.

4. BUT SUCH SUGGESTIONS MUST BE OF THE SORT WHICH WILL ENABLE US TO ACHIEVE, EVEN IF BY DIFFERENT MEANS, THE REDUCTION IN OUR DEFENCE PLANS WHICH MINISTERS HAVE DECIDED IS NECESSARY. ALTHOUGH I AM PLEASED TO SEE THAT THE MILITARY COMMITTEE REPORT HAS MADE SOME MOVE IN THIS DIRECTION BY HIGHLIGHTING AREAS OF CONCERN, SO FAR WE HAVE SEEN NO SUGGESTIONS ABOUT WHERE THE COMPENSATING REDUCTIONS MIGHT BE FOUND.

5. IN SUM THERFORE, MR CHAIRMAN, WE ARE WILLING TO LOOK WITH  
AN OPEN MIND AT ALTERNATIVE WAYS OF MAKING THE MAXIMUM CONTRIBU-  
TION TO THE ALLIANCE WITHIN THE PLANNED LEVEL OF RESOURCES.  
BUT-AND I WISH TO BE VERY FRANK ABOUT THIS-MY MINISTERS WILL  
NOT BE VERY RECEPTIVE TO RECOMMENDATIONS FROM THE ALLIANCE  
WHICH, IN EFFECT, MERELY URGE THEM TO RECONSIDER THEIR DECISION  
ON THE LEVEL OF RESOURCES THAT BRITAIN CAN DEVOTE TO DEFENCE.  
END TEXT  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 18 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975NATO00653  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Film Number:** n/a  
**From:** NATO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750286/abbrziay.tel  
**Line Count:** 121  
**Locator:** TEXT ON-LINE  
**Office:** n/a  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 APR 2003 by MartinML>; APPROVED <03 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK PERMREP STATEMENT ON UK DEFENSE REVIEW: DPC MEETING FEBRUARY 6  
**TAGS:** MPOL, NATO, UK  
**To:** STATE PRIORITY  
SECDEF INFO ALL NATO CAPITALS  
USCINCEUR  
USNMR SHAPE  
USLOSACLANT  
CINCLANT

USDOCOSOUTH  
MBFR VIENNA

**Type:** TE

**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006